

**Integrity Monitor Firm Name: KPMG LLP**


**Engagement: New Jersey Department of Human Services Integrity Monitor  
- Corona Relief Fund**


**Quarter Ending: 3/31/2020**

No. Recipient Data Elements		Response	Comments
<b>A. General Info</b>			
1.	Recovery Program Participant	New Jersey Department of Human Services	
2.	Federal Funding Agency (e.g., Section 501 of CARES Act)	United States Department of the Treasury	
3.	State Funding (if applicable)	To be Determined	
4.	Award Type	Grant	
5.	Award Amount	\$376,498,138	
6.	Accountability Officer	Brian Franz Chief Financial Officer	
7.	Brief Description, Purpose and Rationale of Integrity Monitor Project/Program	Serving as the integrity monitor for NJ DHS's thirteen programs, related to DHS's agreement with both the Treasury and applicable CFR federal and state guidelines and regulations, DHS listed objectives are:  1. A review of each program's design and administrative procedures to help ensure they sufficiently guard against duplication of benefits. This includes a review of CTR programs operated by DHS and other State agencies to identify areas of potential overlap. Should potential overlap be identified, KPMG shall provide recommended data matching protocols to reduce the risk of duplicate benefits.  2. Review the documentation being requested of and provided by program recipients, and the eligibility determination documents created by State staff or third-party entities, and assess sufficiency to support expenditures in the event of an audit by any state or federal entity. This includes a review of whether documentation is being maintained in an organized and secure manner, in the event any of the above program aspects are deemed insufficient, recommendations to correct must be provided.  3. A review of the eligibility determination and payment processing procedures in place within the agency and being utilized by third-party entities for all programs and an assessment controls in place to guard against waste, fraud, and abuse.  Programs include Mental Health Provider Assistance, Developmental Center and Community Provider Training, DOD Provider PPE Reimbursements, DMAHS Provider PPE Reimbursements, DFD Provider PPE Reimbursements, Emergency Housing Assistance, County Administrative Costs, Child Care - Subsidy PT/FT, Child Care - Tuition Assistance, Child Care - Stabilization Grants, Child Care - Supplemental Payments, Child Care - Enrollment Based Payments, and Special Food Assistance.	
8.	Contract/Program Location (if applicable)	Department of Human Services Capital Place One 222 South Warren Street Trenton, NJ 08625-0707	
9.	Amount Expended by Recovery Program Participant to Date	\$230,822,776	
10.	Amount Provided to other State or Local Entities	\$10,000,000	
11.	Completion Status of Contract or Program	Ongoing	
12.	Expected Contract End Date/Time Period	12/29/2020 - 3/31/2021	

B. Monitoring Activities		
13. If FEMA funded, brief description of the status of the project worksheet and its support.	Not applicable	
14. Recipient Data Elements	Response	Comments
14. Quarterly Activities/Project Description (include with specificity activities conducted, such as meetings, document review, staff training, etc.)	<p>The following activities have been conducted:</p> <ul style="list-style-type: none"> <li>-field discussions with each program lead to gain an understanding of the program details, expenditures spent to date, agency oversight and review activities performed, controls in place, review processes, tracking methods, documentation management, and other funds or programs that present a risk of duplication of benefits</li> <li>-provided an initial list of questions and documentation requests to each program</li> <li>-performed a first review of documentation provided to date and began follow up with program leads on any outstanding documentation</li> <li>-selected samples for programs where an expenditure list has been provided</li> <li>-set up follow-up meetings with program leads to gather more information on their expenditures, supporting documentation, and review processes</li> <li>-reviewed supporting documentation for the samples selected against federal and state guidance</li> <li>-held ongoing status calls with the Agency/Points of Contact</li> <li>-drafted findings report and met with program leads to discuss preliminary findings</li> <li>-updated findings report as needed to address program lead feedback</li> <li>-provided DHS Central Office with final report</li> </ul>	
15. Brief description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.	<p>KPMG submitted a document request list to each program lead. As of 3/31/2022, program leads provided initial documentation, and KPMG followed up for any expending documentation. KPMG reviewed the provided documentation, and for programs that provided a list of expenditures to date, KPMG selected sample expenditures for sample testing. KPMG tested each of the sample expenditures with respect to DHS objectives and compiled a findings report with recommendations. A list of documentation provided to date by each program is included below:</p> <p><b>COVID-19 Housing Assistance Program (CHAP)</b></p> <ul style="list-style-type: none"> <li>•Self-Attestation Affidavit</li> <li>•Consumer Flowchart</li> <li>•Referral Instructions for Agencies</li> <li>•Training Material</li> <li>•Program Material with Eligibility Requirements</li> <li>•Kiosk Email</li> <li>•Funding by County</li> <li>•Total Spent by County</li> <li>•List of Employees Registered for Training</li> <li>•County Contacts and Emails</li> <li>•Memorandum of Understanding between New Jersey Treasurer and DHS</li> <li>•Program Script for Application Receipt Phone Call</li> <li>•Internal Program Meetings Notes</li> <li>•Contract Award Communication</li> <li>•Responses to KPMG questions and document request list</li> </ul> <p><b>Division of Mental Health and Addiction Services</b></p> <ul style="list-style-type: none"> <li>•Memorandum of Understanding between New Jersey Treasurer and DHS</li> <li>•Program Guidance Document sent to all providers noting the general eligible categories of expense and submission requirements</li> <li>•Email attachment to extend reimbursement submission deadline</li> <li>•Provider Agency Attestation</li> <li>•Sample Payment Voucher</li> <li>•Reimbursement Form worksheet for all providers to submit along with voucher</li> <li>•Program Summary and Overview PowerPoint presentation for providers</li> <li>•Financial System Screen print showing budget authority, spending, and balance</li> <li>•Responses to KPMG questions and document request list</li> </ul>	

		<ul style="list-style-type: none"> <li>•Shelter PPE</li> <li>•Questions and Answers circulated by Department via email</li> <li>•Community Provider Agency Guidance Document</li> <li>•Provider Agency Attestation</li> <li>•Reimbursement Form worksheet</li> <li>•Responses to KPMG questions and document request list</li> <li>•Division of Family Development funding organizational chart</li> <li>•Final State Funding reimbursement by expense category</li> <li>•Responses to KPMG questions and document request list</li> </ul>	
		<ul style="list-style-type: none"> <li>•Division of Developmental Disabilities (DDO)</li> <li>•Developmental Center Testing</li> <li>•Invoice Reimbursement Summary for Developmental Center</li> <li>•Community Provider Testing</li> <li>•Program Webinar Presentation</li> <li>•Program Presentation</li> <li>•Testing Instructions for Group Homes</li> <li>•Collection Kit Quick Guide</li> <li>•Testing Letter from Department to Provider</li> <li>•COVID-19 Testing Consent Form</li> <li>•Provider Agencies Process Workflow for Testing</li> <li>•Responses to KPMG questions and document request list</li> </ul>	
		<ul style="list-style-type: none"> <li>•Provider PPE</li> <li>•Attestation Guidance and Documentation Requirements for Eligible Expenses</li> <li>•Provider Agency Attestation</li> <li>•Reimbursement Form worksheet</li> <li>•Reimbursement Payment Listing by Vendor</li> <li>•Email Communication to Submit Reimbursement Request</li> <li>•Responses to KPMG questions and document request list</li> </ul>	
		<ul style="list-style-type: none"> <li>•Special Food Assistance</li> <li>•Program Background and Details</li> <li>•Change Order for EBT Benefits</li> <li>•EBT Invoice for Services</li> <li>•Assistance Statistics by students and school year</li> </ul>	
		<ul style="list-style-type: none"> <li>•County Administrative Costs</li> <li>•Program Reimbursement Guidance for Eligible Expenses</li> <li>•Provider Agency Attestation</li> <li>•Reimbursement Form worksheet</li> <li>•List of Counties in the Program</li> <li>•Responses to KPMG questions and document request list</li> </ul>	
		<ul style="list-style-type: none"> <li>•Stabilization Grants</li> <li>•Program Overview, Policy, Procedures, Questionnaire</li> <li>•Program Summary and Requirements</li> </ul>	
		<ul style="list-style-type: none"> <li>•Childcare Subsidy</li> <li>•Program Overview, Policy, Procedures</li> </ul>	
16.	Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.	<p>KPMG held interviews with each program lead and inquired into the third-parties associated with each program and its roles and responsibilities in administering the program. KPMG submitted document requests for each program and requested contracts and grant agreements for third-parties providing CRF services. KPMG received documentation indicating that CCR&amp;S and TCS vendors were utilized to administer the following DFD Childcare Programs: Child Care - Subsidy, PT/FT, Child Care - Stabilization Grants, Child Care - Supplemental Payments, and Child Care - Enrollment Based Payments. KPMG reviewed the oversight practices conducted by DHS over the utilized vendors, and has provided additional recommendations for increased monitoring within their findings report.</p>	
17.	Has payment documentation in connection with the contract/program been reviewed? Please describe	<p>Payment documentation has been requested from each program. As of 3/31/2021, payment documentation has been provided for the Mental Health Provider Assistance, Developmental Center, DFD Provider PPE Reimbursements, DVAHS Provider PPE Reimbursements, DFD Provider PPE Reimbursements, Emergency Housing Assistance, County Administrative Costs, Child Care - Subsidy, PT/FT, Child Care - Tuition Assistance, Child Care - Stabilization Grants, Child Care - Supplemental Payments, and Child Care - Enrollment Based Payments.</p>	

18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	KPMG conducted interviews with agencies to discuss Fraud, Waste, and Abuse activities and controls. KPMG reviewed program documentation, including information related to review processes and policies and procedures to understand the controls in place. KPMG sample tested the payment documentation provided as of 1/15/2021 and reviewed the underlying support for any instances of fraud, waste, and abuse. KPMG prepared a report documenting any detections of waste, fraud, and abuse and recommendations to prevent future occurrences. DHS outlined a plan to conduct an internal audit to ensure compliance with the applicable Federal and State regulations and guidelines, as well as develop recommendations to help improve the Department's ability to identify, assess, and mitigate the risks of fraud, waste, and abuse in each program.																																					
19.	Provide details of any integrity issues/findings occurring.	Please refer to the embedded PDF for details on each of the findings identified in KPMG's review, along with recommendations to prevent future issues from occurring. 																																					
20.	Provide details on any other items of note that have occurred in the past quarter	Analysis conducted on DHS administrative procedures to evaluate their effectiveness in sufficiently guarding against duplication of benefits. KPMG's findings report identifies several recommendations to improve duplication of benefits reviews, including: 1.) Establishing an agency-wide policy for duplication of benefits prevention, as opposed to solely intra-agency reviews; 2.) Coordinating with other State agencies to ensure sufficient guarding against duplication of benefits; and 3.) Relying less on self-attestations and more on DOB controls and testing within specific agencies.																																					
21.	Provide details of any actions taken to remediate waste, fraud and abuse noted in past quarters	DHS Office of Auditing (OOA) initiated an internal performance audit for each of the 15 DHS programs funded by the CRF. The objectives of these audits will be to ensure compliance with the applicable federal and state regulations and guidelines, as well as develop supplemental recommendations to help improve the Department's ability to identify, assess, and mitigate the risks of fraud, waste, and abuse in each program.																																					
<b>10a. Recipient Data Elements</b>		<b>Requests</b>	<b>Comments</b>																																				
<b>C. Miscellaneous</b>																																							
22.	Attach a list of hours (by employee) and expenses incurred to perform your quarterly integrity monitoring review	<table border="1"> <thead> <tr> <th>Name</th> <th>Title</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>Rory Costello</td> <td>Principal</td> <td>29.0</td> </tr> <tr> <td>Thomas Stanton</td> <td>Subject Matter Professional</td> <td>10.0</td> </tr> <tr> <td>Matthew Umason</td> <td>Program Manager</td> <td>96.5</td> </tr> <tr> <td>Evan Lehman</td> <td>Project Manager</td> <td>23.0</td> </tr> <tr> <td>Joseph Zarou</td> <td>Senior Consultant</td> <td>307.0</td> </tr> <tr> <td>Sabir Alsai</td> <td>Senior Consultant</td> <td>222.0</td> </tr> <tr> <td>Alyssa Firmanno</td> <td>Senior Consultant</td> <td>39.75</td> </tr> <tr> <td>Bailey deRoquen</td> <td>Senior Consultant</td> <td>120.5</td> </tr> <tr> <td>Daina Ruback</td> <td>Senior Consultant</td> <td>2.5</td> </tr> <tr> <td>Christina Larkin</td> <td>Consultant</td> <td>74.0</td> </tr> <tr> <td colspan="2"><b>Total Hours</b></td> <td><b>790.75</b></td> </tr> </tbody> </table>	Name	Title	Hours	Rory Costello	Principal	29.0	Thomas Stanton	Subject Matter Professional	10.0	Matthew Umason	Program Manager	96.5	Evan Lehman	Project Manager	23.0	Joseph Zarou	Senior Consultant	307.0	Sabir Alsai	Senior Consultant	222.0	Alyssa Firmanno	Senior Consultant	39.75	Bailey deRoquen	Senior Consultant	120.5	Daina Ruback	Senior Consultant	2.5	Christina Larkin	Consultant	74.0	<b>Total Hours</b>		<b>790.75</b>	Hours are estimates.
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23.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program.	Nothing to add at this juncture.																																					

Name of Integrity Monitor: KPMG LLP	Name of Report Preparer: Rory Costello
Signature: 	
Date: 3/31/2021	

IOM Quarterly Report  
Final Report  
December 30th, 2020

Integrity Monitor Firm Name:  
Engagement:  
Quarter Ending:

K2 Integrity  
New Jersey State Police's Integrity Oversight Monitoring  
December 30th, 2020

No.	Recipient Data Elements	Response	Comments
<b>A. General Info</b>			
1.	Recovery Program Participant	New Jersey State Police ("NJSP")	
2.	Federal Funding Agency (e.g., Section 5001 of CARES Act)	Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19	
3.	State Funding (if applicable)	N/A	
4.	Award Type	Sub-recipient grants from New Jersey Department of Treasury (DOT)	
5.	Award Amount	As of December 30, 2020, from the Coronavirus Relief Fund ("CRF") funds received by the State of New Jersey, DOT allocated \$424,042,839 to NJSP/New Jersey Office of Emergency Management ("NJ OEM"). It should be noted that all of the grant programs were awarded after grant requests in the form of Memoranda of Understanding ("MOU") and Memoranda of Agreement ("MOA") from NJ. The MOAs for one of these programs, (the County Testing and Reimbursement Program) included an amount that pertains to the New Jersey Department of Health ("NJDOH") in which they are noted as the grantee and have the responsibility of administering the funds. NJSP/NJ OEM has no duties to administer these funds, and as such, was not included as part of K2 Integrity's ("K2") risk assessment or testing. K2's review focused on the programs as follows (collectively referred to as "Grant Programs"): <ul style="list-style-type: none"> <li>- \$19,892,333 for the County Testing and Reimbursement Program ("County Program") to provide coverage to 12 counties that did not receive separate federal assistance to be used for eligible non-FEMA covered costs related to the COVID-19 pandemic and funds necessary for operating testing sites for 12 counties on a reimbursable basis.</li> <li>- \$49,229,301 for the NJSP Radio System Upgrade ("Radio Upgrade Program") needed for radio communications coordinated between hospitals, ambulance dispatch centers, statewide air medics, and numerous state and local agencies in response to the COVID-19 pandemic.</li> <li>- \$12,021,205 for NJSP COVID-19 Projects ("NJSP Projects Program"), the bulk of which pertained to \$7,500,000 for the purchase of Emergency Vehicles to allow for COVID-19 safety protocols.</li> <li>- \$100,000,000 for NJSP/NJ OEM FEMA Cost Share for COVID-19 Related Expenditures ("Cost Share Program").</li> <li>- \$242,900,000 for COVID-19 Related Payroll Expenses ("Payroll Program") for eligible payroll expenses covering from March 1, 2020 through December 30, 2020.</li> </ul>	
6.	Accountability Officer	Major Scott Poulton, Commanding Officer	
7.	Brief Description, Purpose and Rationale of Integrity Monitor Project/Program	K2 was engaged by NJSP pursuant to the terms of Governor Murphy's July 17, 2020 Executive Order No. 166 (EO-166) and per the requirements of the August 2020 Integrity Oversight Monitor Guidelines issued by the State of New Jersey COVID-19 Compliance and Oversight Taskforce (IOW Taskforce) in accordance with the procedures established by the Request for Quotation issued by the Division of Administration, Department of the Treasury for Integrity Oversight Monitoring: Program and Performance Monitoring, Financial Monitoring and Grant Management and Anti-Fraud Monitoring for Coronavirus Relief Funds pursuant to Section 5001 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act COVID-19 Recovery Funds and Programs (IOW RFQ).	
8.	Contract/Program Location (if applicable)	New Jersey State Police, PO Box 7068, West Trenton, NJ 08628	

9.	Amount Expended by Recovery Program Participant to Date	Program County Program Radio Program \$12M Projects Program Cost Share Share Program NJSP COVID-19 Related Payroll Expenses  Total Expended	Funds Expended as of 12/29/2020 \$ 15,379,973 \$ 49,229,301 \$ 9,306,710 \$ 55,310,747 \$ 50,516,065 \$ 179,742,796	
10.	Amount Provided to other State or Local Entities	No amounts were provided to other State or Local Entities		
11.	Completion Status of Contract or	January 31, 2021 (originally December 30, 2020)		
12.	Expected Contract End Date/Time Period	January 31, 2021 (originally December 30, 2020)		
B. Monitoring Activities				
13.	If FEMA funded, brief description of the status of the project worksheet	N/A - The Grant Programs are not FEMA funded.		
14.	Quarterly Activities/Project Description (include with specificity activities conducted, such as meetings, document review, staff training, etc.)	Response K2 performed the following tasks as part of its quarterly monitoring activities:  - Commenced planning work on December 16, 2020 by sending an initial information request and then with a Kickoff meeting on December 17, 2020.  - Finalized a detailed workplan for discussion with NJSP.  - Conducted interviews with key personnel to obtain an understanding of NJSP's grants, related grants management processes, controls, and risks. Specifically, interviewed individuals from the Fiscal and Recovery Bureaus, Grants Administration, Business Administration, the NJSP Accountability Officer and Commanding Officer of NJDEM, Procurement, Information Technology, and a member of the Office of Attorney General's (regarding audit). K2 also conducted a walkthrough of the NJEMGrants system. There were ongoing discussions and updates with these individuals throughout the quarterly review.  - Reviewed relevant grant documentation including, but not limited to, grants reports, disbursement reports, details from the New Jersey Comprehensive Financial System ("NJCS"), policies and procedures/standard operating procedures, New Jersey State circulars regarding procurement, and the internal organizational risk assessment. As it pertains to the County Program, K2 reviewed the MOA for each of the 12 counties. For the remaining four programs, K2 reviewed the MOU and any applicable amendments.  - Based on the interviews conducted and documents reviewed, K2 developed a detailed risk and control matrix identifying the key processes, risks, and controls to mitigate such risks. This information was then used to prepare the draft risk matrix deliverable. We also used this information to assess the residual risk associated with NJSP's grant management operations.  - As part of the risk assessment, several aspects of the grants management processes received a moderate risk rating and were selected for transaction testing/monitoring activities (Refer to Section 19 below for areas selected for testing). For each of these areas, K2 prepared detailed testing sheets, including the relevant control attributes subject to testing.  - Reviewed the most recent grant reports in NJEMGrants and related transaction details and performed completeness of the details in the system to the reports generated. From the transaction details for each program, K2 selected a risk-based sample of transactions for testing (based on risk factors such as the value, transaction description, etc.).  - Conducted transaction testing through inquiry, observation, re-performance, and review of documentation supporting grant awards, expenditures, procurement, and financial reporting and assessed whether there were any potential exceptions.  - Conducted follow-up interviews with various NJSP/NJDEM personnel throughout the quarterly review.	Comments	

No.	Recipient Data Elements	Comments
15.	<p>Brief description to confirm appropriate data/information has been provided by recipient and what activities have been taken to review in relation to the project/contract/program.</p>	
16.	<p>Description of quarterly auditing activities that have been conducted to ensure procurement compliance with terms and conditions of the contracts and agreements.</p>	<p>As part of the transaction testing and monitoring activities, K2 reviewed information obtained by NISP/NUOEM from third-party sources to validate information provided by recipients of the County Program (e.g., purchase orders, invoices, proof of payment, payroll reports, etc.). K2 reviewed similar documentation for the other purchases made directly by NISP pertaining to the other programs.</p> <p>Please see sections 18 and 19 below to review the specific activities completed in conjunction with the testing of the Grant Programs.</p>
17.	<p>Has payment documentation in connection with the contract/program been reviewed? Please describe</p>	<p>For the Radio Program, \$12M Projects, and Cost Share Program, K2 reviewed NISP/NUOEM's procurement policies. While no program specific policies were developed, NISP/NUOEM's procurement policies appear to be aligned with Executive Order 166 and related COVID-19 procurement guidelines. The following is a summary of the key aspects of procurement policies related to NISP/NUOEM for use of CRF funds, which come from a combination of requirements from various state agencies as summarized below:</p> <ul style="list-style-type: none"> <li>- All NISP procurements are to be made through one of the four main contracting methods as defined in the NISP Purchasing of Commodities and Services Standard Operating Procedures ("SOP") (i.e., through existing state contracts).</li> <li>- Procurements made through state contracts require approval of the NISP Central Purchasing Unit, New Jersey Office of the Attorney General, Office of Information Technology (if IT-related), and Office of Management and Budget.</li> <li>- State Comptroller approval is not required for state contract procurements.</li> <li>- If a procurement cannot be made through state contract, the use of a Delegated Purchasing Authority ("DPA") may be used as defined in the Commodities and Services SOP as well as New Jersey Department of Treasury Circular titled "Delegated Purchasing Authority for Goods and Services."</li> <li>- All DPA Procurements require Department of Treasury Division of Purchase and Property "Paperwork" which consists of a checklist titled "Information Sheet and checklist for Waivers and Delegated Purchasing Authority Transactions." This checklist includes documents required to be provided by vendors involved in DPA Procurements.</li> <li>- If the DPA Procurement is over \$250,000 a waiver must be obtained by the Department of Treasury Division of Purchase and Property as defined in the "Requests for Waivers of Advertising" Department of Treasury Circular.</li> <li>- For DPA Procurements, the NISP Commodities and Services SOP outlines requirements for procurements in dollar values \$1,000-\$17,500, \$17,500-\$44,000, and greater than \$44,000, however, language is included that in "exigent" situations, a single quote can be permitted. Per NISP, the COVID-19 pandemic has been considered an "exigent" situation.</li> <li>- For all DPA Procurements, approval is required from the Office of the State Comptroller for purchases over \$150,000.</li> <li>- Per the NISP, no vendor vetting or background checks are performed by the NISP other than the documents required to be provided by vendors to the Department of Treasury Division of Purchase and Property.</li> <li>- Because of the "exigent" situation, Division of Purchase and Property has allowed DPA procurements to take place while allowing the required vendor paperwork to be limited to, payroll reports, purchase orders, vendor invoices, and proof of payment by the Counties.</li> <li>- For the Radio, \$12M Projects, and Cost Share Programs, K2's review of expenditures and disbursements included, but was not limited to, procurement packages, purchase orders, vendor invoices, and proof of payment.</li> <li>- For the Payroll Program, K2 verified reimbursement amounts received to date in NJCFS.</li> </ul> <p>Please see sections 18 and 19 below to review the specific activities completed in conjunction with the testing of the Grant Programs.</p>

No.	Recipient Data Elements	Response	Comments
18.	Description of quarterly activity to prevent and detect waste, fraud and abuse.	<p>K2 conducted an initial risk assessment as well as detailed transaction testing to identify potential program compliance issues, potential fraud, waste, and abuse. K2's testing in conjunction with the Grant Programs are outlined below: Please note that K2's activities are ongoing.</p> <p>For the County Program, K2 selected a risk-based sample using the three counties with the highest number of expenditures paid for COVID Costs Not Covered by FEMA (Cape May, Morris, and Somerset). Within each of these County analyses, K2 selected a risk-based sample of disbursements and focused on the underlying line items of which the disbursements were comprised. In total, K2 reviewed 37 transactions. Additionally, K2 reviewed the three counties with the highest drawdowns for costs associated with the COVID-19 Test Sites (Burlington, Mercer, and Sussex). In total, K2 used a risk-based sampling approach to review 10 transactions. Specifically, the following were tested for both pieces: proper support (purchase orders, invoices, payroll reports, proof of payment), allowability of the cost under the NJ CARES Act, duplication of benefits (that costs were not covered by FEMA or otherwise previously submitted), and disbursement to the appropriate County.</p> <p>For the Radio Program, K2 noted that the entire amount of the allocated funds was used to purchase the radios from one vendor (Motorola) in a single purchase and paid over the course of two payments. K2 reviewed the procurement package, invoices, purchase order, and proof of payment.</p> <p>For the \$12M Projects Program, K2 used a risk-based approach and selected the two largest projects in terms of amount expended to date (Emergency Vehicles, NISP Training Academy).</p> <p>- For Emergency Vehicle purchases made, the cost was split into two types of purchases; the bulk of the money was used for the actual purchase of the new emergency vehicles, while the remaining money will be allocated to "upfitting" and "outfitting" the vehicles (i.e., adding lights, cameras etc.). To date, over \$5 million has been expended on the purchase of the new vehicles. The process by which the purchase of the emergency vehicles was made began by the NISP indicating to the Department of Treasury their intent to use the allocated money towards vehicle purchases. After this, the Fleet Management division specified the cars that they wanted purchased. Pre-approval was then obtained from the OAG and Treasury, after which the NISP transferred the required funds to the Central Motor Pool of the Treasury, who then purchased the cars. K2 reviewed screenshots from NJCFS confirming the amounts that were paid to the Treasury to make the vehicle purchases. K2 also reviewed Transfer Documents, Treasury Purchase Orders, and the pre-approval packets for the money that was provided to the Treasury to purchase the Emergency Vehicles for NISP. We also reviewed NISP purchase orders and quotes for "Up-fittings" that will be performed on the vehicles through state vendor contracts after they are received by the NISP. Lastly, we reviewed the procurement package that includes the approval paths and requisition documentation from the NJSTART system. We have been informed that the vehicles have been purchased and paid for, but have not yet been received and that NISP is awaiting a certificate of origin from the manufacturer (Ford).</p> <p>-K2 has requested and received documentation to support the costs associated with the NISP Training Academy. This included the agreement with the College of New Jersey, invoices, and documentation supporting the transfer of funds.</p> <p>For the Cost Share Program, K2 noted that NEMGrants only reflected some of the transactions and documentation. NISP/NJDEM confirmed that the system was not up to date and still needed to be reconciled. We requested the Internal Business Objects report and after comparing it to NJCFS without material exception, made a risk-based selection of 8 large dollar transactions. K2 was able to review procurement packages, purchase orders, invoices, and proof of payment.</p> <p>For the Payroll Program, K2 reviewed the payroll analysis and report provided by NISP created using data from the Business Objects system and general ledger, reporting all transactions between March 13, 2020 and November 29, 2020. As part of this review, K2 performed the following: compared a sampling of individual salaries and job titles shown in the report to those available through the public domain; reviewed job titles to ensure trainees or civilians were not included; and reviewed for consistency for title and salary ranges. In addition, K2 confirmed that salaries covered by FEMA and other federal sources were deducted.</p>	




No.	Recipient Data Elements	Response	Comments
19.	Provide details of any integrity issues/findings	<p>Based on the procedures performed, as outlined in section 18 above, K2 has made the following preliminary observations. Please note that K2's transaction testing is ongoing and additional observations may be identified.</p> <p>With respect to the County Program, K2 noted what appeared to be missing documentation. Specifically, we could not locate certain documents in the supporting documentation in NEMGrants when performing our transaction testing. The documentation that appeared to be missing included 8 instances of proof of payment, 4 purchase orders, 3 instances of corresponding timesheet support for payroll, and 1 missing vendor invoice.</p> <p>The following were the responses received in reply to our observations pertaining to missing documentation:</p> <ul style="list-style-type: none"> <li>-Missing purchase orders from the vendors for which purchase orders are currently still outstanding will be requested.</li> <li>-In the case of the missing invoice, it was located and provided to us.</li> <li>-For proof of payment and payroll support, we were informed that in most of the instances, internally generated accounting/payroll reports were accepted and nothing further was required. In two instances, we were told proof of payment was not received but should have been requested.</li> </ul> <p>No exceptions were identified with respect to the Radio, \$12M Projects, Cost Share, and Payroll Programs.</p> <p>With respect to financial reporting, K2 identified differences when comparing expenditures amounts reported in NUCFS and NEMGrants for the County, Radio, \$12M Projects, and Cost Share Programs.</p> <p>-For the County Program, the difference was due to a transaction that was improperly coded by the County to be reimbursed as part of the portion of the MOA that applies to NIDOH. The amount was paid, as reflected in NUCFS. NISP/NIOEM informed us that NEMGrants still needed to be updated to reflect this payment. K2 reviewed the invoice, noting that the cost appears to be proper for the County Program.</p> <p>-The difference for the Radio program was due to the second of two payments not yet being updated in NEMGrants. During its transaction testing, K2 reviewed the supporting documentation for this payment. For the \$12M Projects and Cost Share Programs, we were informed that the differences are due to transactions that have been processed in NUCFS and Business Objects, but that have yet to be uploaded to NEMGrants. It was unclear how long these lags can take. We were informed that reconciling NEMGrants is a work in progress, and that they continue to work on it. It should also be noted that the bulk of the expenditures for the \$12M program were tested when K2 tested the Emergency Vehicle and Training Academy transactions.</p> <p>Furthermore, K2 noted differences for the Radio and \$12M Projects Programs when comparing the latest CRF report to NEMGrants. For the Radio Program, the difference was the same as when comparing to NUCFS in that the information for the second of the two payments was yet to be uploaded to NEMGrants. For the \$12M Projects Program, it is again due to the lag in transactions being updated in NEMGrants, but we have been informed that this is a work in progress.</p> <p>K2 noted the following potential opportunities for program enhancements:</p> <ul style="list-style-type: none"> <li>- There seems to be a lag in when NEMGrants gets updated for the state programs. NISP should determine a set period and require that any activity processed in NUCFS and Business Objects be uploaded to NEMGrants within that timeframe.</li> <li>- NISP/NIOEM should ensure that all invoices, purchase orders, timesheets, and proof of payment is included in the County submissions before processing payments. Internally generated accounting reports, payroll reports, and other reports should not be accepted as support for costs.</li> </ul>	
20.	Provide details on any other items of note that have occurred in the past quarter	<p>N/A - This is the IOM's first quarterly report</p>	
21.	Provide details of any actions taken to remediate waste, fraud and abuse	N/A - This is the IOM's first quarterly report	
No.	Recipient Data Elements	Response	Comments
<b>C. Miscellaneous</b>			
22.	Attach a list of hours (by employee) and expenses incurred to perform your quarterly integrity monitoring review	<p>Paul Ryan - 17.25 hours; Kevin Mullins - 88.50 hours; Bradley Susman - 19.75 hours; Robert Thompson - 41.50 hours; Tejah Duckworth - 52.75 hours; Naomi Gonzalez - 61.00 hours; Kyle Paul - 72.75 hours; Caran Irgang - 20.00 hours. Total: - 373.50 hours.</p>	
23.	Add any item, issue or comment not covered in previous sections but deemed pertinent to monitoring program	Due to the ongoing process of reconciling the NEMGrants system with the NUCFS system, K2 recommends conducting a separate review when expenditures for all NISP/NIOEM grants are considered final and the reconciliations have been completed.	

No.	Recipient Data Elements	Response	Comments
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Name of Integrity Monitor:  
Signature:  
Date: January 29, 2021

Name of Report Preparer: Kevin Mullins



**1. Description: Lack of coordination and an agency wide policy for Duplication of Benefits (DOB)**

**Criteria:** Section 312 of the Stafford Act, DOB, applies across all federal awards and requires federal agencies to establish appropriate agency policies to prevent DOB. The US Department of Treasury Coronavirus Aid, Relief, and Economic Security (CARES) Act requires that the payments from the Coronavirus Relief Fund (CRF) only be used to cover expenses that:

- a.) Are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
- b.) Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local government; and
- c.) Were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

**Observations:** DHS does not appear to have an agency wide policy to screen for possible DOB across its several divisions. While each program established procedures for DOB, there has been no agency wide approach to addressing DOB. As a result, the divisions and programs differ in their review of possible DOB and level of oversight provided, which creates this risk of DOB across programs or agencies going undetected. Three general situations regarding DOB were observed:

- a.) *Written DOB Policy and attestation requirement.* The Division of Mental Health and Addiction Services (MH) administered the Mental Health Provider Assistance program. MH created a policy guidance document for providers that outlined the division's reimbursement policy. The document clearly states, "Costs must be documented new expenses resulting from COVID-19 and must not have been previously budgeted or paid for using previously budgeted dollars or reimbursement from other state or federal relief programs." Additionally, MH required all providers seeking reimbursement to submit a Provider Agency Attestation stating that the provider was eligible, the requested reimbursement was only for eligible expenses under their program, and that a funding request had not been submitted for reimbursement or received reimbursement by any other state, federal, or local entity.
- b.) *Attestation Requirement.* Several programs required Provider Agency Attestations that affirmed that the provider was eligible, the requested reimbursement was only for eligible expenses under the program, and the funding request had not been submitted for reimbursement or received reimbursement by any other state, federal, or local entity. However, the divisions did not provide a broader policy framework for confirming the content of these attestations and a plan to act upon failure to uphold the

content of these attestations. These programs include: Division of Developmental Disabilities (DDD) Provider Personal Protective Equipment (PPE) Reimbursements, Division of Family Development (DFD) PPE Reimbursements, DFD Child Care Stabilization Grants, DFD Emergency Housing Assistance, and DFD County Administrative Costs.

- c.) *No written policy or attestation requirement.* The Division of Developmental Disabilities (DDD) is administering the Developmental Center/Community Provider Testing program. DDD does not have a written policy concerning DOB for the Developmental Center/Community Provider Testing program.

Several DHS divisions have contracts with the same provider and are implementing similar programs. As a result of the pandemic, these providers were eligible for reimbursement for PPE through their existing DHS contracts. There was no documented procedure for confirming across DHS that DOB did not occur in these instances.

A review of providers eligible for reimbursement across DHS divisions (DFD, DDD, and MH) identified between six and nine examples of providers that were eligible to receive reimbursements for similar expenses from DFD, DDD, and MH. The exact number of providers could not be determined because multiple businesses operated under names that were similar, but not identical.

**Recommendation:** On March 5, 2021, DHS provided the Provider Reimbursement Data Compare and Duplicate Payment Recoupment Process document, which described measures DHS had taken to review for duplicative funds after disbursement. The document detailed three DOB instances DHS identified and planned to remedy.

While this document detailed a post-disbursement process for review of DOB within DHS a pre-disbursement process is recommended for future disbursements. As such, DHS should establish agency wide policies and procedures to proactively screen for possible DOB. Creation and implementation of an agency wide DOB policy would set consistent practices across divisions, including the level of oversight provided.

For each program funded through CRF, DHS should outline the program scope and the beneficiaries. Then, DHS may compare the programs to see any internal overlap. This process should be documented in consideration of future monitoring efforts. When there is the potential for overlap, such as in the PPE programs, DHS can prepare a plan of action for intra-agency communication, intra-agency file sharing, and recoupment.

**2. Description: Lack of external coordination with other state agencies to plan for and identify DOB**

**Criteria:** Section 312 of the Stafford Act, DOB, applies across all federal awards and requires federal agencies to establish appropriate agency policies to prevent DOB. The US Department of Treasury CARES Act requires that the payments from the CRF only be used to cover expenses that:

- a.) Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- b.) Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local government; and
- c.) Were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

**Observations:** The State of New Jersey received \$2.4 billion through the CARES Act to respond to the public health crisis created by COVID-19, which impacted nearly all aspects of state government. Certain state agencies that received CARES Act funds administer programs that have the potential to overlap with DHS administered programs and could result in possible DOB. At the outset of this engagement, DHS identified CRF funded programs administered by the Department of Children and Families (DCF), the Department of Health (DOH), and the Department of Community Affairs (DCA) for review due to potential overlap with DHS administered programs.

The details of DOB processes were not readily available from the three agencies concerning their CRF funded programs, but some information was collected to identify potential DOB areas.

- a.) Providers with contracts at DHS and the other agencies that are eligible for PPE reimbursement was identified as an area of potential overlap. DHS, DCF, and DOH all offered PPE reimbursement to their providers. Insufficient information was provided to determine if DCA offered PPE reimbursement. Of the three agencies, only DCF provided its list of providers that were eligible for PPE reimbursement. The DCF providers list was compared to the DHS providers list, and eight providers were noted on both lists. Reimbursement request information was not reviewed in detail to determine if DOB occurred, but this overlap is noted as a potential area for DOB.
- b.) Another area of possible overlap is COVID-19 testing. DOH funded expanded testing and allocated funds to provide additional testing capacity "to vulnerable populations, including but not limited to congregate settings, communities with inadequate access to testing and populations which require specialized approaches due to their daily

interaction with the public.” (Reference Document: Memorandum of Understanding between the Treasurer of the State of New Jersey and the New Jersey Department of Health for Expansion of COVID-19 Testing; executed October 30, 2020). Separately, DDD funded testing programs for developmental centers community providers. While there is not any evidence of an overlap between these programs, a formalized process to determine whether any DOB exists between these programs has not been developed as of the issuance of this report.

**Recommendation:** On March 5, 2021, DHS provided the Provider Reimbursement Data Compare and Duplicate Payment Recoupment Process document, which described measures DHS had taken to review for duplicative funds after disbursement. The document detailed three DOB instances DHS identified and planned to remedy.

DHS should also document the state programs that have similar scopes and formalize a process for confirming that DOB did not occur within the State.

After evaluating its internal programs as recommended in finding 1, DHS may consider re-engaging with external offices, such as DCF and DOH. One option is to provide the external offices with the framework of DHS programs and beneficiaries and request the external offices to flag any similarities in their respective programs. Alternatively, DHS could review the external programs for similarities and contact these offices on a case-by-case basis. This process can be collaborative as the other offices are managing the same requirements for their programs.

### **3. Description: Divisions relied primarily on self-attestation for DOB**

**Criteria:** Section 312 of the Stafford Act, DOB, applies across all federal awards and requires federal agencies to establish appropriate agency policies to prevent DOB. The US Department of Treasury CARES Act requires that the payments from the CRF only be used to cover expenses that:

- a.) Are necessary expenditures incurred due to the public health emergency with respect to COVID-19;
- b.) Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or local government; and
- c.) Were incurred during the period that begins on March 1, 2020 and ends on December 31, 2021.

**Observations:** Multiple programs across DHS divisions - including DDD, MH, and DFD - rely on self-attestations as the only DOB control. The self-attestations provide clear and concise

descriptions of what each agency funded and clearly defined that the providers would be held accountable to repay funds for duplicative assistance by the State.

The programs relied on the self-attestations to determine if DOB occurred. Providers had to attest that they would not make any duplicative requests to other state, federal, or local entities, including to FEMA, FCC, and US Health and Human Services. The self-attestations further stated that the State can recoup funds and offset future payments, reimbursements, and any other amounts payable to a provider by the State if the provider fails to comply with the agreement.

Based on the documents provided and the meetings with the agencies, there does not appear to be sample testing of the provider self-attestations by any of the divisions. The divisions indicated that they plan additional reviews after disbursement of funds.

**Recommendation:** On March 5, 2021, DHS provided the Provider Reimbursement Data Compare and Duplicate Payment Recoupment Process document, which described measures DHS had taken to review for duplicative funds after disbursement. The document detailed three DOB instances DHS identified and planned to remedy.

DHS should also implement pre-disbursement DOB controls and testing of DOB in addition to the self-attestation. For programs with similar scopes, such as provider PPE reimbursement, one possible control would be the addition of a review step prior to payment, confirming that other DHS divisions have not received the same reimbursement request.

Within DHS, this review step could take different forms. One option would be to centralize the files that pertain to providers that are known to have contracts across divisions. The reviewer within DDD, for example, would be able to see the disbursement files for providers reimbursed by DFD and MH. This would enable the reviewer at DDD to evaluate any duplication to date. Another option is to identify the providers with multiple contracts and require that the staff in each division contact the other divisions on a case-by-basis.

**1.) Description: Expenses reimbursed outside eligible timeframe**

**Criteria:** The US Department of Treasury CARES Act guidance stipulates that payments from the fund may only be used to cover costs that were incurred during the time period March 1<sup>st</sup>, 2020 through December 31<sup>st</sup>, 2021. Divisions within DHS elected to establish their own eligibility timeframes, which occurred within the US Treasury's timeframe. DDD and DMAHS established the eligibility timeframe of March 9<sup>th</sup>, 2020 through November 13<sup>th</sup>, 2020 for reimbursable COVID-related costs. DFD established the eligibility timeframe of September 1<sup>st</sup>, 2020 through December 4<sup>th</sup>, 2020 for reimbursable COVID-related costs.

**Observations:**

Several sampled transactions were incurred outside the eligible timeframe defined in US Treasury guidance, beginning March 1<sup>st</sup>, 2020.

- a.) A \$13,000 purchase of PPE with an invoice date of February 24<sup>th</sup>, 2020 was reimbursed by DMAHS to a provider for the Provider PPE program.
- b.) A \$52.20 purchase of PPE with an invoice date of February 6<sup>th</sup>, 2020 was reimbursed by DDD to a provider for the Provider PPE program.

In addition, several sampled transactions were incurred outside the eligible timeframe defined in DHS guidance.

- a.) Two purchases of PPE in the amounts of \$667.31 and \$652.91 with invoice dates of March 8<sup>th</sup>, 2020 were reimbursed by DDD to a provider for the Provider PPE program. These expenditures did not follow the timeframe outlined in DDD guidance, beginning March 9<sup>th</sup>, 2020.
- b.) A \$3,782.03 cellphone bill with an invoice date of June 23<sup>rd</sup>, 2020 was reimbursed by DFD to a provider for the County Administrative Costs program. This expenditure did not fall in the timeframe outlined in DFD guidance, beginning September 1<sup>st</sup>, 2020.

**Recommendation:** DHS should perform a thorough review of the invoice dates for each expenditure to confirm adherence to the US Treasury and Division guidance. If expenditures outside the timeframe established in DHS's guidance were eligible for reimbursement based on US Treasury guidance, the guidance provided by DHS divisions should be modified to reflect the full reimbursable time period, else expenditures outside the period noted in division guidance should be disallowed. Policies and procedures guiding this process should be updated to include these review steps.



## **2.) Description: Missing documentation to support eligible expenses**

**Criteria:** DHS guidance required documentation of expenditures to be submitted in the form of payment vouchers, receipts, invoices, payroll records, attestations, voucher worksheets, or similar records demonstrating payment was made.

### **Observations:**

Several sampled transactions were missing supporting documentation detailing what was purchased and how much was spent.

- a.) A provider was reimbursed \$45,030.15 by DMAHS for PPE, Infection, and Technology expenditures for the Provider PPE program. DMAHS did not provide any invoices or receipts to substantiate these expenditures.
- b.) Two purchases in the amounts of \$7,745.57 and \$3,941.59 were reimbursed to a provider by DFD for the Shelter PPE program. DFD did not provide an invoice or required documentation to support expenses. Subsequent to KPMG communicating this finding to DFD, detailed invoices were supplied by the provider.
- c.) A purchase in the amount of \$1,475.00 was reimbursed to a provider by DFD for the Shelter PPE program. DFD did not provide an invoice from the vendor, which is required documentation to support expenses.
- d.) Two purchases in the amounts of \$1,500.39 and \$199.00 were reimbursed to a provider by DFD for the Shelter PPE program. DFD did not provide an invoice detailing what was purchased. "Hand Sanitizer" was handwritten on the invoice; however, the vendor's invoice itself did not provide any description of the underlying items purchased.
- e.) A sampled transaction for Emergency Pay did not include evidence of February pre-pandemic wages, descriptions of the direct care service category necessary to confirm eligibility of in-person frontline workforce, a description of costs requested for reimbursement, and days worked for the period of the request. As part of the Provider Assistance program, a provider received \$9,702.43 of Emergency Pay reimbursement by MH for employees with a job title of "Other," without explicit pre-approval. DHS guidance states that for "Other" employees not part of the frontline workforce, their role must be specified and have prior approval for reimbursement consideration. Additionally, no evidence of February pre-pandemic wages was included in the fulfilled reimbursement request, as required per DHS guidance. Subsequent to KPMG communicating this finding to MH, documentation was obtained from the provider confirming employee eligibility. However, this documentation was not supplied until after the provider was reimbursed, and pre-approval was not granted for these employees.

**Recommendation:** DHS programs should perform a thorough review of the supporting documentation for each expenditure to confirm the requirements stated in their guidance were met which should include the following steps:

- a.) Division programs should provide clear expense guidance to providers.
- b.) Division programs should conduct a review of the documentation submitted by providers for each expense.
- c.) Division programs should analyze the allowability of the expenses and efficacy of support provided.
- d.) Division programs should improve retention policies and contact providers before approving reimbursement if insufficient documentation is provided.

### **3.) Description: Duplicate expenditures reimbursed to providers**

**Criteria:** The US Department of Treasury CARES Act and DHS guidance both stipulate that payments from the fund may only be used to cover necessary expenditures incurred due to the public health emergency with respect to COVID-19.

**Observations:** Several sampled transactions included duplicate expenditures in which the provider was reimbursed more than once for the same individual expense.

- a.) As part of the Developmental Center/Community Provider Testing program, four duplicate COVID-19 tests at \$65.00 each were reimbursed by DDD to a provider despite being the same COVID-19 test conducted on the same patient on the same day.
- b.) As part of the Shelter PPE program, six duplicate PPE expenditures were reimbursed to a provider by DFD totaling \$3,606.67. Subsequent to KPMG communicating this finding to DFD, the overpayment was reimbursed by the provider.

**Recommendation:** DHS should perform a thorough review of each expenditure to confirm no duplicate transactions were requested for reimbursement. If multiple expenditures with the same invoice number are submitted by providers, DHS should clarify how the expenses differ. Below are some red flags to be aware of regarding potential duplicate invoices:

- a.) Multiple payments in the same time period:
  - i. In the same or similar amount to the same or related vendors
  - ii. On the same invoice or purchase order
  - iii. For the same or similar goods or service
- b.) Multiple invoices with the same:
  - i. Description of goods or services
  - ii. Amount
  - iii. Invoice number
  - iv. Purchase order number
  - v. Date
- c.) Total amount paid to vendor exceeds invoiced amounts

#### **4.) Description: Eligibility reimbursement error**

**Criteria:** The US Department of Treasury CARES Act and DHS guidance both stipulate that payments from the fund may only be used to cover necessary expenditures incurred due to the public health emergency with respect to COVID-19.

**Observations:** A sampled provider received more reimbursement funds than it qualified for due to an apparent clerical error. As part of the Shelter PPE program, a provider received reimbursement from DFD for disinfectant services in the amount of \$45,550.00, instead of the amount listed on its invoice of \$4,550.00, overstating the eligibility by \$41,000.00. DFD independently identified and cleared this error on January 22, 2021, two days after KPMG identified this provider as a sample and requested supporting documentation. It is unclear whether this error was identified by DFD prior to KPMG providing a list of samples for testing.

**Recommendation:** DHS should perform a thorough review of the invoices to confirm the amounts requested match the supporting documentation. DHS should match the reimbursement amount requested to the supporting invoice provided. If there is a discrepancy, DHS should contact the provider for further documentation or explanation before issuing reimbursement.

#### **5.) Description: Expenditures do not appear to align with DHS guidance categories**

**Criteria:** DDD, DFD, and DMAHS guidance lists three categories of reimbursable expenses for CRF: Overtime payments, Health and Safety expenses including PPE and Cleaning & Infection Control, and HIPAA-compliant technology to support remote working needs. MH guidance lists five categories of reimbursable expenses for CRF: Emergency rate staff payments, COVID testing, HIPAA-compliant technology, PPE, and Other pre-approved requests.

**Observations:** Several sampled providers received reimbursement for expenditures that do not appear to fall within the category types included in the division's guidance. Although these expenditures do not contradict US Treasury requirements, they do not clearly fall within the categories defined by the divisions.

- a.) As part of the County Administrative Costs program, a provider was reimbursed by DFD for batteries, ties, markers, fasteners, napkin receptacles, and a tool kit.
- b.) As part of the County Administrative Costs program, a provider was reimbursed by DFD for \$10,000.00 in prepaid postage expenses.
- c.) As part of the Shelter PPE program, a provider was reimbursed by DFD for sparkling water. Subsequent to KPMG communicating this finding to DFD, communication was

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received from the provider explaining the reasoning for the purchase, however; this expenditure did not appear related to COVID-19 response efforts as it did not fall within DFD's eligibility criteria.

- d.) As part of the County Administrative Costs program, a provider was reimbursed by DFD for expenses related to new in-office cubicles with high-walls to promote social distancing. DFD guidance required technology purchases be used to support remote working needs.
- e.) As part of the Provider PPE program, a provider was reimbursed by DDD for a table, tool kit, colored pencils, pillows, coloring books, canopy tents, and duvet covers.
- f.) As part of the Provider PPE program, a provider received reimbursement from DMAHS for expenses related to establishing a separate company to provide vocational training services.
- g.) As part of the MH Provider Assistance program, a provider was reimbursed for overtime staff expenses. MH guidance does not list overtime staff expenses as reimbursable, but MH did supply a PowerPoint presentation reviewed with providers on October 1, 2020 stating additional hours were eligible for reimbursement.

**Recommendation:** DHS should perform a thorough review of its guidance documents to confirm all intended categories for reimbursement under US Treasury guidance are included. Division programs should obtain supporting documentation and expense explanations to better enable the alignment of expense categories to eligible reimbursement requests submitted. If expenditures outside the criteria established in DHS guidance were eligible for reimbursement based on the US Treasury requirements, the guidance provided by DHS divisions should be modified to reflect the additional categories. However, if certain expenses do not fall in the listed categories, reimbursement should not be granted.

#### **6.) Description: Limited oversight practices of divisions**

**Criteria:** The federal government requires monitoring and oversight of the receipt, disbursement, and use of CRF payments.

**Observations:** At the time of this report being issued, division programs were identified that had not conducted a thorough review of the provider applications prior to releasing funds.

- a.) DMAHS did not conduct a review of provider applications to confirm the eligibility requirements listed in its guidance were followed.
- b.) Although DFD conducted certain oversight activities on the CCR&R and TCC managed programs, including the review of weekly status reports detailing progress and total payments issued, sample testing was not conducted at an application level to review compliance with the applicable regulations and guidelines for the following programs: subsidy tuition assistance, stabilization grants, supplemental payments, and enrollment-

based payments programs. DFD has established an Evaluation Unit and is currently in the process of initiating their application-level review at the time of this report being issued.

- c.) DFD conducted sample testing on housing assistance applications and identified several instances of providers who received reimbursement despite being ineligible. Of the errors identified, recovery of funds was not pursued. Furthermore, after identifying several reimbursements sent out in error, additional testing was not conducted to expand the review population.

**Recommendation:** DHS Central Office has prepared an internal audit plan and will be conducting sample testing on all programs funded by CRF. If sample failures are noted, additional guidance should be provided to third parties to improve their processes, additional samples should be selected to further test review quality, and recovery of funds should be pursued.

**1.) Description: Supporting documentation requirements do not meet US Treasury Guidance**

**Criteria:** The US Treasury Memorandum for Coronavirus Relief Fund Recipients states, "Payroll, time records, and human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19" should be maintained and made available to the Treasury OIG upon request to be considered sufficient documentation to establish compliance with subsection 601(d) of the Social Security Act, as amended, (42 U.S.C. 801 (d)).

**Observations:** The County Administrative Costs program guidance lists "payroll records that demonstrate payment was made" as the only documentation requirement to confirm reimbursement eligibility. Time records and human resource records were not defined by the County Administrative Costs program as required documentation to support eligible expenses, as per US Treasury requirements. Two sampled transactions were reimbursed without accompanying payroll time records and/or human resource records:

- a.) As part of the County Administrative Costs program, a provider was reimbursed \$144,894.95 in overtime pay by DFD without providing sufficient evidence of overtime hours or overtime rates. Subsequent to KPMG communicating this finding to DFD, payroll records were supplied by the provider detailing overtime hours and overtime rates.
- b.) As part of the County Administrative Costs program, a provider was reimbursed \$16,455.88 in overtime pay by DFD without providing human resource records to confirm the employee's role in managing increased application and enrollment for public assistance programs. Instead, DFD relied on an attestation that all work was related to COVID.

**Recommendation:** The County Administrative Costs program should perform a program-wide review of supporting documentation requirements to confirm sufficient backup is being requested and provided to substantiate eligibility based on the US Department of Treasury CARES Act guidance. In addition, DFD should update their guidance to require the appropriate level of payroll and human resources information regarding overtime costs.

**2.) Description: Lack of review for fraud, waste, and abuse within divisions**

**Criteria:** The federal government requires monitoring and oversight of the receipt, disbursement, and use of CRF payments to assist in the prevention of fraud, waste, and abuse with respect to those funds.

**Observation:** The division programs set strict rules on who had the authority to make reimbursement decisions—and how—which is a way to reduce fraud risk. However, it did not appear that the divisions were measuring the efficacy of allocations and monitoring for uncompetitive pricing or fraud, waste, and abuse.

Within the five programs listed below, the providers independently purchased goods and submitted invoices for eligible expenditures related to COVID-19 response and recovery. It did not appear that a review was conducted to determine the reasonableness of the pricing and quantity for the respective goods purchased. This review was not a criterion for DHS to approve the expenses submitted for reimbursement prior to disbursing funds.

- a.) DDD Provider PPE
- b.) DMAHS Provider PPE
- c.) DFD Shelter PPE
- d.) DFD County Administrative Costs
- e.) MH Provider Assistance

**Recommendation:** As part of DHS's upcoming internal audit, samples of disbursements will be selected to assess program efficacy in monitoring instances of fraud, waste, and abuse, processes for prevention and detection, and testing steps. Results will be documented as part of ongoing integrity oversight and monitoring efforts divisions will be expected to institute processes as part of their ongoing integrity oversight and monitoring efforts for identifying and remediating instances of fraud, waste, and abuse. The review process should in turn include a reporting of any such instances and corrective actions.

Reviewers should be made aware of the following red flags:

Red flags of false invoices:

- a.) Vague or incomplete information on invoices (blank fields; no date, no detail in item description, etc.)
- b.) No receiving report for invoiced goods or services
- c.) Invoiced items do not match receiving report
- d.) No purchase order for invoiced goods or services
- e.) Sequential invoice numbers over extended time period
- f.) Invoiced goods or services cannot be located in inventory or accounted for
- g.) Quantities, pricing amounts or other numbers on invoices do not match Benford's Law distributions

Red flags of inflated invoices:

- a.) Invoice prices, amounts, item descriptions or terms exceed or do not match:
  - 1. Contract or purchase order terms
  - 2. Receiving records

3. Inventory or usage records
  - b.) Discrepancies between invoice amounts and supporting documents
  - c.) Spike in invoice amounts (price and quantity) vs. previous amounts
  - d.) Total invoice amounts exceed purchase order amounts
  - e.) Invoice amounts are statistical outliers vs. previous

Red flags of duplicate invoices:

- a.) Multiple payments in the same time period:
  1. In the same or similar amount to the same or related vendors
  2. On the same invoice or purchase order
  3. For the same or similar goods or service
- b.) Multiple invoices with the same:
  4. Description of goods or services
  5. Amount
  6. Invoice number
  7. Purchase order number
  8. Date
- c.) Total amount paid to vendor exceeds invoiced amounts.

Basic Steps DHS can take to detect, prevent and respond to false, inflated or duplicate invoices include:

Obtain the following documents and examine them for the red flags listed above:

- a.) Contracts and purchase orders
- b.) Invoices and supporting documents
- c.) Work completion reports
- d.) Receiving records
- e.) Payment records
- f.) Inventory and usage records
- g.) Test and inspection reports

Perform due diligence background checks on the provider and third party supplier to, among other things, (1) confirm that it is legitimate and capable of providing the invoiced services, goods or works and (2) to determine if it previously has been investigated or sanctioned for fraud or for submitting fraudulent invoices.

Independently verify the correctness of the submitted invoices, e.g.,

- a.) Confirm that invoiced services were delivered as claimed; e.g., inspect written work product to confirm that it is not copied, clipped from the internet or boilerplate
- b.) Inspect and confirm that the quantity and quality of invoiced goods were delivered as claimed; contact the contractor's suppliers to confirm this if necessary



New Jersey Department of Human Services

Recommendations for SOW Requirement #3: Review of eligibility determination and assessment of controls to guard against waste, fraud and abuse

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- c.) Inspect and test works and materials to confirm that they met the specifications as invoiced

Note duplicate invoices and payments for the same or similar:

- a.) Invoice number
- b.) Invoice amount
- c.) Invoice date
- d.) Invoice item description
- e.) Purchase order number

Check quantities, pricing amounts or other numbers on invoices to see if they match Benford's Law distributions.

Compare total invoiced amounts from provider to the total purchase order or contract amounts; note overpayments. Look for evidence of fraudulent knowledge and intent, (e.g., plagiarized copied written work product, altered delivered or test or inspection reports, etc.).